

ORDINANCE \_\_\_\_\_

AN ORDINANCE relating to the Seattle Center Department; authorizing execution of a second amendment to the Facility Use and Occupancy Agreement between the City of Seattle and the Seattle Repertory Theatre; and ratifying and confirming certain acts.

WHEREAS, the Seattle Repertory Theatre (SRT) was founded in 1963 and began operations in the Seattle Center Playhouse, making it one of the longest standing resident organizations at Seattle Center; and

WHEREAS, Ordinance 109853 passed by the City Council in 1981, authorized an agreement between the City and SRT regarding the design and construction of a theatre on the Seattle Center campus to be the new home for the Seattle Repertory Theatre and authorized a licensing agreement for use of the new theatre by SRT from the inaugural season of 1983-4 through the 2008-9 season, with the agreement expiring May 31, 2009; and

WHEREAS, a new theatre at Seattle Center was completed in 1983 at a cost of \$10 million, with \$5.6 million in 1977 bond funds from the City, and \$4.4 million from SRT, with the new theatre being named the Bagley Wright Theatre (BWT) in recognition of substantial donations to the project by anonymous private donors in honor of Bagley Wright; and

WHEREAS, in May 1996, authorized by Ordinance 118109, the City and SRT executed a 30-year Facility Use and Occupancy Agreement ("1996 Agreement") which incorporated a new, second stage addition to the BWT now known as the Leo Kreielsheimer Theatre and extended the term for use of the BWT by 17 years, from 2009 to 2026; and

WHEREAS, one of the goals of the 1996 Agreement, was for SRT to assume greater financial responsibility for costs of its operations; and

WHEREAS, under the 1996 Agreement, by June 1, 2009, SRT would assume full responsibility for operating and maintenance costs and building systems of the BWT, except for the roof and exterior shell, consistent with the structure of more recent agreements between Seattle Center and resident arts organizations; and

WHEREAS, the severe economic downturn which began in 2008 had a dramatic impact on SRT, reducing the value of its endowment and ultimately resulting in a one-third reduction in SRT's operating budget, including layoffs, furloughs and a four-day work week for full-time staff; and

WHEREAS, due to the impact of the economic downturn, SRT was not able to assume the financial obligations of the 1996 Agreement by June 1, 2009, and initiated discussions

with the City on revisions to and/or postponement of certain terms of the 1996 Agreement; and

WHEREAS, the City and SRT have negotiated a five-year interim agreement which recognizes the ongoing economic challenges while still making progress towards the goals of the 1996 Agreement; and

WHEREAS, SRT remains committed to assuming financial responsibility for the operating and maintenance expenses of the BWT per the 1996 Agreement, and at the end of this five-year interim agreement, the terms of the 1996 Agreement shall be in effect; NOW THEREFORE,

**BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:**

Section 1. As requested by the Seattle Center Director and recommended by the Mayor, the Seattle Center Director, or his designee, is authorized to execute, for and on behalf of The City of Seattle, a second amendment to the 1996 Facility Use and Occupancy Agreement with the Seattle Repertory Theatre substantially in the form of the agreement attached hereto and identified as "SECOND AMENDMENT TO FACILITY USE AND OCCUPANCY AGREEMENT BETWEEN SEATTLE REPERTORY THEATRE AND CITY OF SEATTLE" (Attachment 1), under which, for a five-year interim period from June 1, 2009, through June 30, 2014 certain terms of the 1996 agreement are modified in order to allow the Seattle Repertory Theatre more time to assume certain financial obligations in the 1996 Agreement.

Section 2. Any act consistent with the authority and prior to the effective date of this ordinance is hereby ratified and confirmed.

Section 3. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

1 Passed by the City Council the \_\_\_\_ day of \_\_\_\_\_, 2011, and  
2 signed by me in open session in authentication of its passage this  
3 \_\_\_\_ day of \_\_\_\_\_, 2011.

4  
5 \_\_\_\_\_  
6 President \_\_\_\_\_ of the City Council

7  
8 Approved by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

9  
10 \_\_\_\_\_  
11 Michael McGinn, Mayor

12  
13 Filed by me this \_\_\_\_ day of \_\_\_\_\_, 2011.

14  
15 \_\_\_\_\_  
16 Monica Martinez Simmons, City Clerk

17 (Seal)

18  
19 Attachment 1: SECOND AMENDMENT TO FACILITY USE AND OCCUPANCY  
20 AGREEMENT BETWEEN SEATTLE REPERTORY THEATRE AND CITY OF SEATTLE

**SECOND AMENDMENT  
TO FACILITY USE AND OCCUPANCY AGREEMENT  
BETWEEN  
SEATTLE REPERTORY THEATRE  
AND  
THE CITY OF SEATTLE**

This SECOND AMENDMENT AGREEMENT is entered into by the CITY OF SEATTLE (hereinafter referred to as "City"), acting by and through its Seattle Center Department, and the SEATTLE REPERTORY THEATRE (hereinafter referred to as "SRT"), a not-for-profit corporation organized under the laws of the State of Washington.

WHEREAS, the Seattle Repertory Theatre was founded in 1963 and began operations in the Seattle Center Playhouse, making it one of the longest standing resident organizations at Seattle Center; and

WHEREAS, Ordinance 109853 passed by the City Council in 1981, authorized an agreement between the City and SRT regarding the design and construction of a theatre on the Seattle Center campus to be the new home for the Seattle Repertory Theatre and authorized a licensing agreement for use of the new theatre by SRT from the inaugural season of 1983-4 through the 2008-9 season, with the agreement expiring May 31, 2009; and

WHEREAS, the new theatre at Seattle Center was completed in 1983 at a cost of \$10 million, \$5.6 million in 1977 bond funds from the City, and \$4.4 million from SRT, with the new theatre being named the Bagley Wright Theatre (BWT) in recognition of substantial donations to the project by anonymous private donors in honor of Bagley Wright; and

WHEREAS, in May 1996, authorized by Ordinance 118109, the City and SRT executed a 30-year Facility Use and Occupancy Agreement ("1996 Agreement") which incorporated the new, second stage addition to the BWT now known as the Leo Kreielsheimer Theatre and extended the term for use of the BWT by 17 years, from 2009 to 2026; and

WHEREAS, one of the goals of the 1996 Agreement, as stated in Ordinance 118109, was for SRT to assume greater financial responsibility for costs of its operations; and

WHEREAS, under the 1996 Agreement, by June 1, 2009, SRT would assume full responsibility for operating and maintenance costs and building systems of the BWT, except for the roof and exterior shell, consistent with the structure of more recent agreements between Seattle Center and resident arts organizations; and

WHEREAS, the severe economic downturn which began in 2008 had a dramatic impact on SRT, reducing the value of its endowment and ultimately resulting in a one-third reduction in SRT's operating budget, including layoffs, furloughs and a four-day work week for full-time staff; and

WHEREAS, due to the impact of the economic downturn, SRT was not able to assume the financial obligations of the 1996 Agreement by June 1, 2009 and initiated discussions with the City on revisions to and/or postponement of terms of the 1996 Agreement; and



WHEREAS, the City and SRT have negotiated a five-year interim agreement which recognizes the ongoing economic challenges while still making progress towards the goals of the 1996 Agreement; and

WHEREAS, SRT remains committed to assuming financial responsibility for the operating and maintenance expenses of the BWT per the 1996 Agreement, and at the end of this five-year interim agreement, the terms of the 1996 Agreement shall be in effect; NOW THEREFORE,

The parties agree as follows:

The ending date of the 1996 Agreement is changed from May 31, 2026 to June 30, 2026 in order to be in alignment with SRT's fiscal year, which runs from July 1 to June 30. The term of the 5-year interim agreement begins June 1, 2009 and ends June 30, 2014.

Year 1 of the interim agreement begins June 1, 2009 and ends June 30, 2010. Years 2 through 5 begin July 1 and end the following June 30.

During the term of this 5-year interim agreement, provisions of the 1996 Agreement are amended as follows:

- SRT foregoes its 2009 and 2010 contributions to SRT's Replacement Trust Fund.
- SRT makes annual contributions to the SRT Replacement Trust Fund after 2010 as follows:
  - 2011 – 1/3 of the 2011 amount in Exhibit 8 of the 1996 Agreement
  - 2012 – 2/3 of the 2012 amount in Exhibit 8 of the 1996 Agreement
  - 2013 and beyond – 100% of the amount in Exhibit 8 of the 1996 Agreement
- SRT rent continues under the pre-June 1, 2009 terms of the 1996 Agreement and first amendment.
- Seattle Center continues to provide janitorial services at the BWT at no additional cost to SRT.
- Seattle Center maintenance staff (trades and laborers) continues to provide routine maintenance and repair (O&M) services and supplies at the BWT. These routine and repair services are paid for as follows:
  - Year 1 – City pays 100% of routine O&M expenses at the BWT, same as under the pre-June 1, 2009 arrangement in the 1996 Agreement, with funding from the Seattle Center Operating Budget.
  - Year 2 – City pays 1/2 from the Seattle Center Operating Budget and 1/2 from the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund.
  - Year 3 – SRT pays 2/3 from the SRT Replacement Trust Fund; City pays 1/3 from the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund.



- Years 4 and 5 – SRT pays 100% from the SRT Replacement Trust Fund and/or the SRT Operating Budget.
- SRT and City shall work together to commission an assessment of building and theatrical systems in the BWT and the projected costs for maintaining and/or replacing such systems, with the cost of such assessment to be paid from the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund.
- There will be a moratorium on spending from the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund and SRT's Replacement Trust Fund, except as agreed upon between the parties in writing, until the building and theatrical systems assessment is completed.
- If a major capital expense need arises that is beyond the resources of the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund and SRT's Replacement Trust Fund, taking into consideration other obligations of these two Funds, SRT will take the lead in addressing how to fund this need.
- The \$1 million SRT capital contribution required under the 1996 Agreement by September 1, 2010, in connection with SRT rent for the BWT being reduced to \$1, is delayed by five years to September 1, 2015. In order to preserve the value of this capital contribution, the \$1 million capital contribution amount will have annual CPI adjustments from 2010 to 2015. For example, if the CPI adjustment were 3% per year, the required capital contribution by September 1, 2015 would be approximately \$1,160,000. Actual CPI adjustments will be calculated in the same manner as for CPI adjustments to SRT rent for the BWT.
- Seattle Center and SRT will review the current mutual reporting requirements of the 1996 Agreement and agree on revisions for this interim period that can reasonably be met by both parties.

Except to the extent otherwise modified herein, the 1996 Agreement remains in full force and effect. The amendments and modifications to the 1996 Agreement shall terminate as of July 1, 2014 and the Parties will be thereafter bound by the full Agreement unless otherwise agreed, provided that the parties agree that the ending date of the 1996 Agreement is changed from May 31, 2026 to June 30, 2026 to align with the end of SRT's fiscal year.



Ned Dunn  
CEN Seattle Rep Amendment ORD Att. 1  
October 18, 2011  
Version 2

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be executed by having their authorized representative(s) affix their signatures in the spaces below:

SEATTLE REPERTORY THEATRE

THE CITY OF SEATTLE

By \_\_\_\_\_

Benjamin Moore  
Managing Director

By \_\_\_\_\_

Robert Nellams, Director  
Seattle Center Department

Date: \_\_\_\_\_

Date: \_\_\_\_\_



## **FISCAL NOTE FOR NON-CAPITAL PROJECTS**

<b>Department:</b>	<b>Contact Person/Phone:</b>	<b>CBO Analyst/Phone:</b>
Seattle Center	Ned Dunn, 684-7212 Bill McGillin, Law, 684-8252	Greg Shiring 386-4085

### **Legislation Title:**

AN ORDINANCE relating to the Seattle Center Department; authorizing execution of a second amendment to the Facility Use and Occupancy Agreement between the City of Seattle and the Seattle Repertory Theatre; and ratifying and confirming certain acts.

### **Summary of the Legislation:**

This legislation authorizes a five-year interim agreement between the Seattle Repertory Theatre (SRT) and the City of Seattle. This interim agreement defers certain provisions of the existing (1996) agreement that were scheduled to take effect June 1, 2009. Due to the severe economic downturn that began in 2008, SRT was not able to take on certain added financial responsibilities of the existing agreement in 2009. The parties have negotiated a five-year interim agreement under two guiding principles:

- SRT's success is very important to Seattle Center and to the local and regional arts community.
- The interim agreement will maintain the intent of the 1996 agreement that SRT assume more of its operating and maintenance costs.

At the end of the 5-year interim agreement, the parties revert to the terms of the existing (1996) agreement.

See below for additional background and context, and the specific terms of the interim agreement.

### **Background:**

The Seattle Repertory Theatre, founded in 1963 under the leadership of Bagley Wright, is one of the oldest resident organizations on the Seattle Center campus. They will be celebrating their 50th anniversary in 2013, one year after Seattle Center. SRT's first home was the Seattle Center Playhouse, a performance space built for the 1962 Seattle World's Fair.

In 1977, Seattle voters approved a \$19 million Seattle Center bond issue, which included \$4.8 million for a new theater home for SRT. Following years of planning and fundraising, ground was broken on the new theater in 1981, and the new Bagley Wright Theatre (named as a result of



ten anonymous private donations in honor of Bagley Wright) opened in October 1983. The final cost was \$10 million, with the City providing \$5.6 million in bond proceeds and SRT providing the remaining \$4.4 million. The design included a smaller, second stage auditorium, but funding was only available for the main theater.

The Bagley Wright Theatre was the first new facility constructed on the Seattle Center campus since the 1962 World's Fair, and the first public/private partnership undertaken by Seattle Center. SRT was the first arts group to make such a substantial contribution to a Seattle Center facility. In 1981, authorized by Ordinance 109853, SRT and the City executed a Licensing Agreement covering 26 years, from the 1983-4 season through the 2008-9 season, with the agreement expiring May 31, 2009. SRT's license fee was calculated to equal approximately 25% of operating costs, in consideration of their capital contribution to the project. SRT was a tenant in the building and the City was responsible for all operating and maintenance costs, including utilities, janitorial services, theatrical systems and all other building systems.

By the mid-1990's, by which time three other major arts organizations chose to locate at Seattle Center and make significant capital investments (Intiman Theatre, Pacific Northwest Ballet, and Seattle Children's Theatre) the standards for financial terms had changed. In these later three cases, the arts organizations had exclusive use (with the exception of a specified number of days available to the City) and were responsible for the internal systems and the regular maintenance and operating expenses of the facilities.

When SRT was ready to construct a smaller, second stage addition in 1996, the financial terms for this new space reflected this new standard. In May 1996, the City Council passed Ordinance 118109 authorizing a Premises Use and Occupancy Agreement and a Construction Agreement with SRT. The 1996 agreement wrapped the second stage addition (which became known as the Leo Kreielsheimer Theatre) and the Bagley Wright Theatre (BWT) into one agreement, superseding the 1981 agreement, and extending the term for the BWT from 2009 to 2026.

For the Leo Kreielsheimer ("Leo K") Theatre, SRT covered 100% of the construction costs and was responsible for all operating and maintenance costs, and for theatrical and other internal building systems. The City was responsible for the building shell. The 1996 agreement was structured to transition the BWT to a similar financial structure. Over time, by June 1, 2009, SRT assumes full responsibility for operating costs and internal systems of the BWT, consistent with the structure of more recent agreements between Seattle Center and resident arts organizations.

To achieve this transition from the 1981 agreement, the 1996 agreement specified that the City and SRT each make annual contributions into separate funds for replacement and renovation of internal building systems (primarily theatrical systems) of the Bagley Wright Theatre. Annual funding levels were established to pay for anticipated internal maintenance, repair and replacement needs through 2009 and to generate a sufficient balance for SRT to assume full responsibility for internal systems after May 31, 2009, the expiration date of the original 1981 agreement. As of June 1, 2009, the City's financial obligation for the maintenance, repair and replacement of internal systems at the BWT ends, and the City's responsibility for the entire facility (both theaters) is limited to external systems, structures and finishes.

The 1996 agreement also specified that after May 31, 2009, the rent for the BWT reduced to \$1.00 per month, provided SRT made an investment of \$1 million in capital renovations and improvements of the BWT by September 1, 2010 and provided certain free use days for the City.

As was true with nearly all arts organizations, the severe economic downturn that began in 2008 had a major impact on SRT. In April 2009, SRT announced a one-third reduction in their operating budget, including layoffs, furloughs, a 32-hour work week for full-time staff, two fewer productions, and a reduction in the regular performance week by one day. Because of a reduction in the value of its endowment, SRT was not able to draw on its endowment for the 2009-10 season.

In light of these severe financial difficulties, SRT approached Seattle Center and said they were not in a position to make a \$1 million capital investment in the BWT by September 1, 2010, and not in a position to take on the full operating costs of the facility as scheduled to take effect under the existing agreement as of June 1, 2009, in conjunction with SRT's rent being reduced to \$1.00 per month.

Subsequently, Seattle Center and SRT negotiated a five-year interim agreement, for the period of June 1, 2009 through June 30, 2014, which gives SRT time to make a financial recovery and work its way back to being able to meet the intent of the 1996 agreement.

The interim agreement is structured in such a way as to not create a financial hole in the Seattle Center Fund and/or the General Fund. To do this, SRT will continue to pay rent at the higher, pre-June 2009 level, and both parties will take advantage of a higher than projected balance in the capital reserve funds created under the 1996 agreement to fund replacement and renovation of theatrical systems and other internal building systems.

Since 1996, actual expenditures for replacement and renovation of internal systems have been less than projected. Through 2010 projected spending (based on the 1996 agreement) was \$1.93 million, while actual spending has been \$970,000. Through June 2011, the current balances in the City and SRT funds are:

\$ 817,220	City Fund
<u>\$ 533,985</u>	SRT Fund
\$1,351,206	Total Combined Reserve Fund Balance (1)

The key provisions of the 5-year interim agreement are as follows:

- SRT's continues to pay rent under the pre-June 2009 terms of the existing agreement. As a result, the interim agreement does not have an adverse impact on the Seattle Center Fund, and the General Fund, compared to the period before the interim agreement takes effect. And, as noted below, the Seattle Center Fund experiences a net gain as SRT takes on more of its O&M expenses.
- SRT foregoes two years of contributions to the SRT Replacement Trust Fund (for

replacement and renovation of theatrical and other building systems) and then "stair steps" back to the full level of scheduled contribution by year five.

- Over the course of the five-year interim agreement, SRT transitions from paying 0% of routine operating and maintenance work performed by Seattle Center staff in Year 1 to 100% in Year 4. This provides a net benefit to Seattle Center's operating budget of \$60,000 per year by 2012, for a total of \$210,000 over the life of the interim agreement. A portion of the reserve funds are used to make this transition. Using the reserve funds for routine O&M expenses is an expansion of the use of these reserve funds, and applies only to the five-year interim agreement. While up to \$210,000 of reserve funds may be used for O&M expenses during the five-year term, a total of \$282,000 will be deposited in the SRT reserve fund by SRT over the five-year term, so deposits will exceed O&M expenditures.
- Seattle Center continues to provide janitorial services at the BWT at no additional cost to SRT.
- SRT and City shall work together to commission an assessment of building and theatrical systems in the BWT and the projected costs for maintaining and/or replacing such systems, with the cost of such assessment to be paid from the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund.
- If a major capital expense need arises that is beyond the resources of the City's Bagley Wright Theatre Maintenance, Repair and Replacement Fund and SRT's Replacement Trust Fund, taking into consideration other obligations of these two funds, SRT will take the lead in addressing how to fund this need.
- The \$1 million SRT capital contribution required under the 1996 Agreement by September 1, 2010, in connection with SRT rent for the BWT being reduced to \$1, is delayed by five years to September 1, 2015. In order to preserve the value of this capital contribution, the \$1 million capital contribution amount will have annual CPI adjustments from 2010 to 2015.
- The ending date of the 1996 Agreement is changed from May 31, 2026, to June 30, 2026, in order to be in alignment with SRT's fiscal year, which runs from July 1 to June 30.
- Except to the extent otherwise modified herein, the 1996 Agreement remains in full force and effect.
- The amendments and modifications to the 1996 Agreement shall terminate as of July 1, 2014, and the Parties will be thereafter bound by the full Agreement unless otherwise agreed.

Attached is two tables, one comparing SRT payments under the 1996 Agreement and the proposed five-year Interim Agreement, and the other showing the transition of routine maintenance costs from the City to SRT during the course of the Agreement.

- (1) The City's contribution was \$80,000 in year one (1996), \$85,000 in year two, and then \$90,000 per year through 2009, the final year the City makes a contribution for replacement and renovation of BWT internal

systems under the 1996 agreement. SRT's contribution was \$0 in year one, \$19,000 in year two, then increasing each year to reach \$130,000 in 2009, after which SRT's contribution increases by 2.5% each year, ending at \$193,000 in year 30 (2026).

Please check one of the following:

☐ This legislation does not have any financial implications.

☒ This legislation has financial implications.

**Appropriations:**

Fund Name and Number	Department	Budget Control Level*	2011 Appropriation	2012 Anticipated Appropriation
TOTAL				

\*See budget book to obtain the appropriate Budget Control Level for your department.

Appropriations Notes:

None.

**Anticipated Revenue/Reimbursement Resulting from this Legislation:**

Fund Name and Number	Department	Revenue Source	2011 Revenue	2012 Revenue
TOTAL				

Revenue/Reimbursement Notes:

See attached tables. The net revenue increase to the Seattle Center Fund resulting from SRT taking on its routine maintenance expenses over the course of the five-year Interim Agreement will be reflected in the 2012 Proposed Budget.

**Total Regular Positions Created, Modified, or Abrogated through this Legislation, Including FTE Impact:**

Position Title and Department	Position # for Existing Positions	Fund Name & #	PT/FT	2011 Positions	2011 FTE	2012 Positions*	2012 FTE*

<b>TOTAL</b>							

Position Notes:

None.

**Do positions sunset in the future?**

N/A

**Spending/Cash Flow:**

Fund Name & #	Department	Budget Control Level*	2011 Expenditures	2012 Anticipated Expenditures
<b>TOTAL</b>				

Spending/Cash Flow Notes:

**Other Implications:**

**a) Does the legislation have indirect financial implications, or long-term implications?**

The Agreement authorized by this legislation is designed to assist the financial recovery of an anchor arts institution in this region, and to reduce the City's ongoing financial obligation for operation and maintenance costs.

**b) What is the financial cost of not implementing the legislation?**

Without additional time to meets its financial obligations, as provided for this legislation, a major arts institution would be unable to continue as we know it. The City of Seattle would potentially have responsibility for a major theater facility without an anchor tenant at a time many nonprofit arts organizations are struggling financially.

**c) Does this legislation affect any departments besides the originating department?**

No

**d) What are the possible alternatives to the legislation that could achieve the same or similar objectives?**

Any changes to the financial terms of the existing agreement require legislative approval.

**e) Is a public hearing required for this legislation?**

No.



- f) Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**

No.

- g) Does this legislation affect a piece of property?**

Yes, the Bagley Wright Theatre at Seattle Center, a City-owned facility on the Seattle Center campus.

- h) Other Issues:**

**List attachments to the fiscal note below:**

Att. 1 -- Table comparing SRT payments under the 1996 Agreement and the proposed five-year Interim Agreement.

Att. 2 -- Table showing transition of routine maintenance costs from the City to SRT during the course of the five-year Interim Agreement.

**CEN Seattle Rep Amendment FISC Att. 1.xlsx**

CEN Seattle Rep Amendment FISC Att. 1  
August 10, 2011  
Version 1

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Under 1996 Agreement</b>								
Rent	92,000	47,500	12	12	12	12	12	12
SRT Capital Contribution			1,000,000					
SC Contribution to City BWT Reserve Fund	90,000	90,000	0	0	0	0	0	0
SRT Contribution to SRT Reserve Fund	120,000	130,000	133,250	136,581	139,996	143,496	147,083	150,760
Janitorial Services								
SRT	0	70,000	140,000	140,000	140,000	140,000	140,000	140,000
Seattle Center Operating Budget	140,000	70,000	0	0	0	0	0	0
Routine Maintenance								
SRT	0	30,000	60,000	60,000	60,000	60,000	60,000	60,000
Seattle Center	60,000	30,000	0	0	0	0	0	0
Interior Major Maintenance / Theatrical Equipment	Joint	Joint	SRT	SRT	SRT	SRT	SRT	SRT
External Major Maintenance	City	City	City	City	City	City	City	City
<b>Total SRT Payments</b>	<b>212,000</b>	<b>277,500</b>	<b>333,262</b>	<b>336,593</b>	<b>340,008</b>	<b>343,508</b>	<b>347,095</b>	<b>350,772</b>
Seattle Center Operating Budget Net (1996)	(108,000)	(52,500)	12	12	12	12	12	12
<b>Under Proposed 5-year Interim Agreement</b>								
Rent	92,000	95,000	95,000	95,000	95,000	95,000	47,506	12
SRT Capital Contribution								1,160,000
SC Contribution to BWT Reserve Fund	90,000	90,000	0	0	0	0	0	0
SRT Contribution to SRT Reserve Fund	120,000	0	0	45,527	93,331	143,496	147,083	150,760
SRT Reserve Fund for Routine Maintenance				(40,000)	(60,000)	(60,000)		
Janitorial Services								
SRT	0	0	0	0	0	0	70,000	140,000
Seattle Center Operating Budget	140,000	140,000	140,000	140,000	140,000	140,000	70,000	0
Routine Maintenance								
SRT	0	0	0	40,000	60,000	60,000	60,000	60,000
Seattle Center Operating Budget	60,000	60,000	30,000	0	0	0	0	0
City BWT Reserve Fund			30,000	20,000				
Interior Major Maintenance / Theatrical Equipment	Joint	Joint	SRT	SRT	SRT	SRT	SRT	SRT
External Major Maintenance	City	City	City	City	City	City	City	City
<b>Total SRT Payments</b>	<b>212,000</b>	<b>95,000</b>	<b>95,000</b>	<b>140,527</b>	<b>188,331</b>	<b>238,496</b>	<b>324,589</b>	<b>350,772</b>
<b>Difference Interim vs. 1996</b>	<b>0</b>	<b>(182,500)</b>	<b>(238,262)</b>	<b>(196,066)</b>	<b>(151,677)</b>	<b>(105,012)</b>	<b>(22,506)</b>	<b>0</b>
<b>Total Difference SRT Payments 2009-14</b>	<b>(896,023)</b>							
Seattle Center Operating Budget Net (Interim)	(108,000)	(105,000)	(75,000)	(45,000)	(45,000)	(45,000)	(22,494)	12
SC Oper Bud Net Difference Interim vs. 1996	0	(52,500)	(75,012)	(45,012)	(45,012)	(45,012)	(22,506)	0
<b>Total Difference Center Operating Net</b>	<b>(285,054)</b>							

## CEN Seattle Rep Amendment FISC Att. 2.xlsx

revised 8.10.11		2009	2010	2011	2012	2013	2014	Total
<b>Routine Maintenance Expense -- BWT</b>								
<b>Year 1 -- June 1, 2009 thru June 30, 2010</b>								
SC Operating Fund		30,000	30,000					60,000
City BWT Reserve Fund		0	0					0
SRT (Reserve Fund and/or Operating Budget)		0	0					0
<b>Year 2 -- July 1, 2010 thru June 30, 2011</b>								
SC Operating Fund			15,000	15,000				30,000
City BWT Reserve Fund			15,000	15,000				30,000
SRT (Reserve Fund and/or Operating Budget)			0	0				0
<b>Year 3 -- July 1, 2011 thru June 30, 2012</b>								
SC Operating Fund				0	0			0
City BWT Reserve Fund				10,000	10,000			20,000
SRT (Reserve Fund and/or Operating Budget)				20,000	20,000			40,000
<b>Year 4 -- July 1, 2012 thru June 30, 2013</b>								
SC Operating Fund					0	0		0
City BWT Reserve Fund					0	0		0
SRT (Reserve Fund and/or Operating Budget)					30,000	30,000		60,000
<b>Year 5 -- July 1, 2013 thru June 30, 2014</b>								
SC Operating Fund						0	0	0
City BWT Reserve Fund						0	0	0
SRT (Reserve Fund and/or Operating Budget)						30,000	30,000	60,000
<b>TOTALS Year 1 - 5</b>								
SC Operating Fund		30,000	45,000	15,000	0	0	0	90,000
City BWT Reserve Fund		0	15,000	25,000	10,000	0	0	50,000
SRT (Reserve Fund and/or Operating Budget)		0	0	20,000	50,000	60,000	30,000	160,000
<b>Total</b>		<b>30,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>300,000</b>
<b>SC Operating Fund Net Gain</b>		<b>0</b>	<b>15,000</b>	<b>45,000</b>	<b>60,000</b>	<b>60,000</b>	<b>30,000</b>	<b>210,000</b>





City of Seattle  
Office of the Mayor

August 23, 2011

Honorable Richard Conlin  
President  
Seattle City Council  
City Hall, 2<sup>nd</sup> Floor

Dear Council President Conlin:

I am pleased to transmit the attached proposed Council Bill that authorizes an amendment to the use and occupancy agreement with the Seattle Repertory Theatre (SRT) for the Bagley Wright Theatre at Seattle Center. The amendment is a five-year interim agreement which defers certain provisions of the existing (1996) agreement that were scheduled to take effect June 1, 2009. Due to the severe economic downturn that began in 2008, SRT was not able to take on added financial responsibilities at the same time they were taking a one-third reduction in their operating budget, including layoffs, furloughs, and a 32-hour work week for full-time staff. The five-year interim agreement provides SRT time to make a financial recovery and work its way back to meeting the intent of the 1996 agreement.

The Bagley Wright Theatre (BWT), which opened in October 1983, was the first new facility constructed on the Seattle Center campus since the 1962 World's Fair and the first public/private partnership undertaken by Seattle Center. In 1996, the City Council approved a new use agreement for the BWT, which incorporated a new, privately funded second stage, and which transitioned the BWT agreement, over time, to be more consistent with the financial structure of more recent agreements. The interim agreement with SRT now before you was negotiated under two guiding principles: (1) SRT's success is very important to Seattle Center and to the local and regional arts community, and (2) the interim agreement will maintain the intent of the 1996 agreement that SRT assume more of its operating and maintenance costs.

The Seattle Repertory Theatre, founded in 1963 under the leadership of Bagley Wright, is one of the oldest resident organizations on the Seattle Center campus. They will be celebrating their 50th anniversary in 2013, one year after Seattle Center. The proposed interim agreement is designed to assist the financial recovery of an anchor arts institution in this region, and to reduce the City's ongoing financial obligation for operating and maintenance costs. Thank you for your consideration of this legislation. Should you have questions, please contact Ned Dunn at 684-7212 or Kerry Smith at 615-0358.

Sincerely,

Michael McGinn  
Mayor of Seattle

cc: Honorable Members of the Seattle City Council



